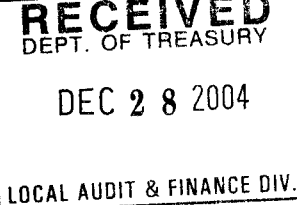


City of Wayland
Allegan County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Wayland	County Allegan
Audit Date 6/30/04	Opinion Date 12/6/04	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

Siegfried Crandall PC

Street Address

246 East Kilgore Road

City

Kalamazoo

State

MI

ZIP

49002-5599

Accountant Signature

Siegfried Crandall P.C.

Date

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INDEPENDENT AUDITORS' REPORT

City Council
City of Wayland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the City of Wayland, Michigan, as of June 30, 2004, and for the year then ended, which collectively comprise the City's financial statements, as listed in the contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the City of Wayland, Michigan, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 11, the City of Wayland, Michigan has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

The budgetary comparison information and the schedule of funding progress, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The City of Wayland, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

INDEPENDENT AUDITORS' REPORT *(Continued)*

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Wayland, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Wayland, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

December 6, 2004

BASIC FINANCIAL STATEMENTS

City of Wayland
STATEMENT OF NET ASSETS
June 30, 2004

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS				
Current assets:				
Cash	\$ 401,142	\$ -	\$ 401,142	\$ 74,175
Receivables	182,590	125,757	308,347	-
Interfund balances	205,768	(205,768)	-	-
Prepaid expenses	-	38,804	38,804	-
Total current assets	789,500	(41,207)	748,293	74,175
Noncurrent assets:				
Receivables	37,800	-	37,800	-
Capital assets (net of depreciation)	10,392,556	6,154,191	16,546,747	-
Total noncurrent assets	10,430,356	6,154,191	16,584,547	-
Total assets	11,219,856	6,112,984	17,332,840	74,175
LIABILITIES				
Current liabilities:				
Accounts payable	31,503	8,572	40,075	914
Accrued liabilities	36,900	41,600	78,500	-
Bonds and loans payable	152,211	231,334	383,545	-
Total current liabilities	220,614	281,506	502,120	914
Noncurrent liabilities:				
Compensated absences	39,025	-	39,025	-
Bonds and loans payable	2,139,684	3,512,753	5,652,437	-
Total noncurrent liabilities	2,178,709	3,512,753	5,691,462	-
Total liabilities	2,399,323	3,794,259	6,193,582	914
NET ASSETS				
Invested in capital assets, net of related debt	8,100,661	2,410,104	10,510,765	-
Restricted for:				
Community building and park improvements	581,542	-	581,542	-
Street repairs and improvements	51,034	-	51,034	-
Public safety	2,210	-	2,210	-
Unrestricted (deficit)	85,086	(91,379)	(6,293)	73,261
Total net assets	\$ 8,820,533	\$ 2,318,725	\$ 11,139,258	\$ 73,261

See notes to financial statements

City of Wayland
STATEMENT OF ACTIVITIES
Year ended June 30, 2004

Functions/Programs	Program Revenues			
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary government:				
<i>Governmental activities:</i>				
Legislative	\$ 15,805	\$ -	\$ -	\$ -
General government	498,653	33,661	-	-
Public safety	806,409	50,571	103,449	93,330
Public works	1,214,278	11,721	338,567	143,845
Community and economic development	77,329	-	-	-
Culture and recreation	7,917	-	-	-
Interest on long-term debt	139,011	-	-	-
<i>Total governmental activities</i>	<u>2,759,402</u>	<u>95,953</u>	<u>442,016</u>	<u>237,175</u>
<i>Business-type activities:</i>				
Sewer	550,513	404,444	-	-
Water	384,512	339,397	-	-
<i>Total business-type activities</i>	<u>935,025</u>	<u>743,841</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 3,694,427</u>	<u>\$ 839,794</u>	<u>\$ 442,016</u>	<u>\$ 237,175</u>
Component unit:				
Downtown Development Authority	<u>\$ 264,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
State shared revenue
Unrestricted investment return
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning of year

Net assets - end of year

**Net (expenses) revenues and
changes in net assets**

Primary government

Governmental activities	Business-type activities	Totals	Component Unit
\$ (15,805)		\$ (15,805)	
(464,992)		(464,992)	
(559,059)		(559,059)	
(720,145)		(720,145)	
(77,329)		(77,329)	
(7,917)		(7,917)	
<u>(139,011)</u>		<u>(139,011)</u>	
<u>(1,984,258)</u>		<u>(1,984,258)</u>	
-	\$ (146,069)	(146,069)	
<u>-</u>	<u>(45,115)</u>	<u>(45,115)</u>	
-	(191,184)	(191,184)	
<u>(1,984,258)</u>	<u>(191,184)</u>	<u>(2,175,442)</u>	
			\$ <u>(264,878)</u>
1,170,133	-	1,170,133	301,543
408,352	-	408,352	-
32,281	3,164	35,445	-
<u>29,465</u>	<u>-</u>	<u>29,465</u>	<u>-</u>
<u>1,640,231</u>	<u>3,164</u>	<u>1,643,395</u>	<u>301,543</u>
(344,027)	(188,020)	(532,047)	36,665
<u>9,164,560</u>	<u>2,506,745</u>	<u>11,671,305</u>	<u>36,596</u>
<u>\$ 8,820,533</u>	<u>\$ 2,318,725</u>	<u>\$ 11,139,258</u>	<u>\$ 73,261</u>

See notes to financial statements

City of Wayland
BALANCE SHEET - Governmental Funds
June 30, 2004

	<u>General</u>	<u>Local Street</u>	<u>Community Building and Park Improvement</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ -	\$ -	\$ 336,922	\$ 64,220	\$ 401,142
Receivables	5,348	-	-	59,750	65,098
Due from other funds	-	-	244,620	-	244,620
Due from other governmental units	132,943	5,350	-	16,999	155,292
<i>Total assets</i>	<u>\$ 138,291</u>	<u>\$ 5,350</u>	<u>\$ 581,542</u>	<u>\$ 140,969</u>	<u>\$ 866,152</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 26,862	\$ 794	\$ -	\$ 795	\$ 28,451
Due to other funds	54,686	3,735	-	-	58,421
<i>Total liabilities</i>	<u>81,548</u>	<u>4,529</u>	<u>-</u>	<u>795</u>	<u>86,872</u>
Fund balances:					
Reserved for long-term receivables	-	-	-	59,750	59,750
Unreserved	56,743	821	581,542	80,424	719,530
<i>Total fund balances</i>	<u>56,743</u>	<u>821</u>	<u>581,542</u>	<u>140,174</u>	<u>779,280</u>
<i>Total liabilities and fund balances</i>	<u>\$ 138,291</u>	<u>\$ 5,350</u>	<u>\$ 581,542</u>	<u>\$ 140,969</u>	

*Amounts reported for governmental activities in the statement of
net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,403,741
Internal service funds are used by management to charge costs of equipment and vehicle management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	550,798
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,913,286)
Net assets of governmental activities	<u>\$ 8,820,533</u>

See notes to financial statements

City of Wayland

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds

Year ended June 30, 2004

	General	Local Street	Community Building and Park Improvement	Nonmajor governmental funds	Total governmental funds
REVENUES					
Taxes	\$ 1,170,133	\$ -	\$ -	\$ -	\$ 1,170,133
Federal grants	93,330	143,845	-	-	237,175
State grants	408,352	65,401	-	207,199	680,952
Fines and forfeitures	27,879	-	-	-	27,879
Licenses and permits	22,692	-	-	-	22,692
Intergovernmental	103,449	-	-	65,967	169,416
Charges for services	33,661	-	-	11,721	45,382
Interest and rentals	28,379	-	-	3,902	32,281
Other	29,399	-	-	66	29,465
<i>Total revenues</i>	<u>1,917,274</u>	<u>209,246</u>	<u>-</u>	<u>288,855</u>	<u>2,415,375</u>
EXPENDITURES					
Legislative	15,805	-	-	-	15,805
General government	469,221	-	-	-	469,221
Public safety	690,467	-	-	-	690,467
Public works	313,608	432,049	-	69,940	815,597
Community and economic development	77,329	-	-	-	77,329
Culture and recreation	-	-	4,075	-	4,075
Debt service:					
Principal	48,042	-	-	40,000	88,042
Interest	74,332	-	-	35,070	109,402
Capital outlay	113,957	-	-	-	113,957
<i>Total expenditures</i>	<u>1,802,761</u>	<u>432,049</u>	<u>4,075</u>	<u>145,010</u>	<u>2,383,895</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>114,513</u>	<u>(222,803)</u>	<u>(4,075)</u>	<u>143,845</u>	<u>31,480</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	219,936	-	-	219,936
Transfers out	(63,077)	-	-	(156,859)	(219,936)
<i>Total other financing sources (uses)</i>	<u>(63,077)</u>	<u>219,936</u>	<u>-</u>	<u>(156,859)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>51,436</u>	<u>(2,867)</u>	<u>(4,075)</u>	<u>(13,014)</u>	<u>31,480</u>
FUND BALANCES - BEGINNING OF YEAR	<u>5,307</u>	<u>3,688</u>	<u>585,617</u>	<u>153,188</u>	<u>747,800</u>
FUND BALANCES - END OF YEAR	<u>\$ 56,743</u>	<u>\$ 821</u>	<u>\$ 581,542</u>	<u>\$ 140,174</u>	<u>\$ 779,280</u>
Net change in fund balances - total governmental funds					\$ 31,480

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

(254,905)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net assets.

88,042

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(751)

The net expenses of the internal service fund are reported with governmental activities.

(207,893)

Change in net assets of governmental activities

\$ (344,027)

See notes to financial statements

City of Wayland
STATEMENT OF NET ASSETS - proprietary funds
June 30, 2004

	Business-type activities - enterprise funds			Governmental activities
	Major funds			Internal service
	Sewer	Water	Totals	
ASSETS				
Current assets:				
Receivables	\$ 66,393	\$ 59,364	\$ 125,757	\$ -
Noncurrent assets:				
Unamortized bond issuance costs	38,804	-	38,804	-
Capital assets (net of depreciation)	4,792,136	1,362,055	6,154,191	988,815
<i>Total noncurrent assets</i>	<u>4,830,940</u>	<u>1,362,055</u>	<u>6,192,995</u>	<u>988,815</u>
<i>Total assets</i>	<u>4,897,333</u>	<u>1,421,419</u>	<u>6,318,752</u>	<u>988,815</u>
LIABILITIES				
Current liabilities:				
Accounts payable	5,459	3,113	8,572	3,052
Accrued expenses	34,400	7,200	41,600	-
Due to other funds	74,646	88,946	163,592	22,607
Loan payable	6,960	12,374	19,334	48,336
Bonds payable	100,000	112,000	212,000	-
<i>Total current liabilities</i>	<u>221,465</u>	<u>223,633</u>	<u>445,098</u>	<u>73,995</u>
Noncurrent liabilities:				
Revenue bonds payable	2,825,000	392,000	3,217,000	-
Loan payable	101,557	194,196	295,753	406,198
<i>Total noncurrent liabilities</i>	<u>2,926,557</u>	<u>586,196</u>	<u>3,512,753</u>	<u>406,198</u>
<i>Total liabilities</i>	<u>3,148,022</u>	<u>809,829</u>	<u>3,957,851</u>	<u>480,193</u>
NET ASSETS				
Investment in capital assets, net of related debt	1,758,619	651,485	2,410,104	534,281
Unrestricted (deficit)	(9,308)	(39,895)	(49,203)	(25,659)
<i>Total net assets</i>	<u>\$ 1,749,311</u>	<u>\$ 611,590</u>	<u>2,360,901</u>	<u>\$ 508,622</u>
<i>Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.</i>			<u>(42,176)</u>	
Net assets of business-type activities			<u>\$ 2,318,725</u>	

See notes to financial statements

City of Wayland

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND

NET ASSETS - *proprietary funds*

Year ended June 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Major funds</u>			<u>Internal Service</u>
	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>	
OPERATING REVENUES				
Charge for services	\$ 404,444	\$ 339,397	\$ 743,841	\$ -
OPERATING EXPENSES				
Sewer	254,939	-	254,939	-
Water	-	257,363	257,363	-
Cost of interfund services provided	-	-	-	84,407
Depreciation and amortization	126,227	65,433	191,660	142,253
<i>Total operating expenses</i>	<u>381,166</u>	<u>322,796</u>	<u>703,962</u>	<u>226,660</u>
OPERATING INCOME (LOSS)	<u>23,278</u>	<u>16,601</u>	<u>39,879</u>	<u>(226,660)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment return	2,025	1,139	3,164	-
Interest expense	(147,333)	(41,554)	(188,887)	(23,409)
<i>Total nonoperating expenses</i>	<u>(145,308)</u>	<u>(40,415)</u>	<u>(185,723)</u>	<u>(23,409)</u>
CHANGE IN NET ASSETS	<u>(122,030)</u>	<u>(23,814)</u>	<u>(145,844)</u>	<u>(250,069)</u>
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>1,871,341</u>	<u>635,404</u>		<u>758,691</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 1,749,311</u>	<u>\$ 611,590</u>		<u>\$ 508,622</u>
<i>Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.</i>			<u>(42,176)</u>	
Change in net assets of business-type activities			<u>\$ (188,020)</u>	

See notes to financial statements

City of Wayland
STATEMENT OF CASH FLOWS - proprietary funds
Year ended June 30, 2004

	Business-type activities - enterprise funds			Governmental activities
	Major			Internal service
	Sewer	Water	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 407,058	\$ 341,519	\$ 748,577	\$ -
Payments to suppliers	(134,599)	(141,539)	(276,138)	(66,541)
Payments to employees	(118,254)	(141,680)	(259,934)	(20,576)
<i>Net cash provided by (used in) operating activities</i>	<u>154,205</u>	<u>58,300</u>	<u>212,505</u>	<u>(87,117)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in due to other funds	<u>57,299</u>	<u>88,946</u>	<u>146,245</u>	<u>22,607</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(4,671)	-	(4,671)	-
Principal payments on capital debt	(60,726)	(114,161)	(174,887)	(45,858)
Interest payments on capital debt	(148,132)	(43,155)	(191,287)	(23,409)
<i>Net cash used in capital and related financing activities</i>	<u>(213,529)</u>	<u>(157,316)</u>	<u>(370,845)</u>	<u>(69,267)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment return	<u>2,025</u>	<u>1,139</u>	<u>3,164</u>	<u>-</u>
NET DECREASE IN CASH	-	(8,931)	(8,931)	(133,777)
CASH - BEGINNING OF THE YEAR	<u>-</u>	<u>8,931</u>	<u>8,931</u>	<u>133,777</u>
CASH - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 23,278	\$ 16,601	\$ 39,879	\$ (226,660)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	126,227	65,433	191,660	142,253
Changes in assets and liabilities:				
Receivables	2,614	2,121	4,735	-
Accounts payable	<u>2,086</u>	<u>(25,855)</u>	<u>(23,769)</u>	<u>(2,710)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>\$ 154,205</u>	<u>\$ 58,300</u>	<u>\$ 212,505</u>	<u>\$ (87,117)</u>

See notes to financial statements

City of Wayland
STATEMENT OF FIDUCIARY NET ASSETS - agency funds
June 30, 2004

ASSETS

Cash	\$	<u>91,178</u>
------	----	---------------

LIABILITIES

Accounts payable	\$	19,285
Due to other governmental units		<u>71,893</u>

<i>Total liabilities</i>	\$	<u>91,178</u>
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See notes to financial statements

City of Wayland
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the City of Wayland, Michigan (the City), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally from the government.

Discretely-presented component unit - Downtown Development Authority:

This unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Separate financial statements of the component unit have not been issued, as management believes these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit. The component unit's governing body is appointed by the City Commission and its budget must be approved by the City Commission.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Local Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for expenditures related to maintaining and improving the City's local streets.

The Community Building and Park Improvement Fund accounts for the improvements to the City's community buildings and parks.

The City reports the following major proprietary funds:

The Sewer Fund accounts for the operation of the City's sewer system and treatment plant.

The Water Fund accounts for the operation of the City's water mains and pumping facilities.

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):
Additionally, the City reports the following fund types:

The internal service fund accounts for vehicle and equipment management services provided to other departments of the City on a cost-reimbursement basis.

The agency fund accounts for the collection and disbursements of property taxes and deposits due to other governmental units and individuals.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the City considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity (continued):*

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 50 years
Equipment	3 - 20 years
Sewer and Water systems	50 years

v) *Compensated absences* - Vacation time is earned in varying amounts depending upon years of service. Employees may accumulate and carry over a maximum of twenty days. Upon retirement or termination, employees are paid for unused vacation time at their current rates. Employees are granted twelve paid personal days per year. Unused personal time does not accumulate, but a maximum of seven days' time is paid to the employee at the end of the first pay period of the following calendar year.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the City Council is the functional level. All annual appropriations lapse at the end of the fiscal year.

Compliance violations - P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For significant budget *variations* for major funds, see the budgetary comparison schedules in the required supplementary information, on pages 24 through 27.

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - DEPOSITS - REPORTING ENTITY:

Following is a reconciliation of the City's deposits as of June 30, 2004:

	<u>Primary government</u>	<u>Fiduciary funds</u>	<u>Component unit</u>	<u>Totals</u>
<i>Financial statements:</i>				
Cash	<u>\$401,142</u>	<u>\$91,178</u>	<u>\$74,175</u>	<u>\$566,495</u>
<i>Notes to financial statements:</i>				
Deposits	\$400,917	\$91,178	\$74,175	\$566,275
Cash on hand	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>
	<u>\$401,142</u>	<u>\$91,178</u>	<u>\$74,175</u>	<u>\$566,495</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the City Treasurer. State statutes and the City's investment policy authorize the City to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The City's deposits are in accordance with statutory authority. At June 30, 2004, the City has deposits with a carrying amount of \$566,275 and a bank balance of \$695,878. Of the bank balance, \$171,738 is covered by federal depository insurance and \$524,140 is uninsured.

The City maintains pooled cash accounts for all of its funds and component unit. Due to the use of pooled deposits, it is not practicable to allocate insured and uninsured portions of certain bank balances between the primary government and its component unit. The insured portion of the bank balance has been allocated entirely to the primary government.

NOTE 4 - RECEIVABLES:

Receivables at June 30, 2004, for the City's governmental individual major and nonmajor funds, in the aggregate, are as follows:

	<u>General</u>	<u>Local Street</u>	<u>Community Building and Park Improvement</u>	<u>Nonmajor</u>	<u>Totals</u>
Accounts	\$ 5,348	\$ -	\$ -	\$59,750	\$ 65,098
Intergovernmental	<u>132,943</u>	<u>5,350</u>	<u>-</u>	<u>16,999</u>	<u>155,292</u>
<i>Totals</i>	<u>\$138,291</u>	<u>\$5,350</u>	<u>\$ -</u>	<u>\$76,749</u>	<u>\$220,390</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$37,800</u>	<u>\$ 37,800</u>

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2004, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated - land	\$ <u>754,783</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>754,783</u>
Capital assets being depreciated:				
Buildings	740,504	-	-	740,504
Improvements	339,291	-	-	339,291
Furniture, fixtures and equipment	644,793	3,630	-	648,423
Vehicles	1,682,611	-	-	1,682,611
Street network	<u>12,174,500</u>	<u>411,718</u>	<u>-</u>	<u>12,586,218</u>
<i>Subtotal</i>	<u>15,581,699</u>	<u>415,348</u>	<u>-</u>	<u>15,997,047</u>
Less accumulated depreciation for:				
Buildings	(242,930)	(17,057)	-	259,987
Improvements	(173,673)	(13,093)	-	186,766
Furniture, fixtures and equipment	(439,699)	(41,468)	-	481,167
Vehicles	(683,025)	(116,724)	-	799,749
Street network	<u>(4,007,440)</u>	<u>(624,165)</u>	<u>-</u>	<u>4,631,605</u>
<i>Subtotal</i>	<u>(5,546,767)</u>	<u>(812,507)</u>	<u>-</u>	<u>6,359,274</u>
Net capital assets being depreciated	<u>10,034,932</u>	<u>(397,159)</u>	<u>-</u>	<u>9,637,773</u>
<i>Total capital assets, net</i>	<u>\$10,789,715</u>	<u>\$(397,159)</u>	<u>\$ -</u>	<u>\$10,392,556</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated - land	\$ <u>319,730</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>319,730</u>
Capital assets being depreciated:				
Sewer system	5,950,022	4,671	-	5,954,693
Water system	<u>2,031,865</u>	<u>-</u>	<u>-</u>	<u>2,031,865</u>
<i>Subtotal</i>	<u>7,981,887</u>	<u>4,671</u>	<u>-</u>	<u>7,986,558</u>

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Less accumulated depreciation for:				
Sewer system	\$ 1,315,821	\$ 122,466	\$ -	\$ 1,438,287
Water system	<u>648,377</u>	<u>65,433</u>	<u>-</u>	<u>713,810</u>
<i>Subtotal</i>	<u>1,964,198</u>	<u>187,899</u>	<u>-</u>	<u>2,152,097</u>
Net capital assets being depreciated	<u>6,017,689</u>	<u>(183,228)</u>	<u>-</u>	<u>5,834,461</u>
<i>Total capital assets, net</i>	<u>\$ 6,337,419</u>	<u>\$(183,228)</u>	<u>\$ -</u>	<u>\$ 6,154,191</u>

Depreciation expense was charged to functions of the City as follows:

<i>Governmental activities:</i>		
General government		\$ 29,432
Public safety		8,340
Public works		770,893
Culture and recreation		<u>3,842</u>
<i>Total governmental activities</i>		<u>\$812,507</u>
<i>Business-type activities:</i>		
Sewer		\$122,466
Water		<u>65,433</u>
<i>Total business-type activities</i>		<u>\$187,899</u>

NOTE 6 - LONG-TERM OBLIGATIONS:

Long-term obligations at June 30, 2004, are comprised of the following individual issues:

<i>Governmental activities:</i>		
Accrued employee benefits		\$ 39,025
\$69,900 2003 installment purchase agreement - payable in semi-annual interest installments of \$4,325 at 4.5%; final payment due June 2013		63,903
\$800,000 2001 Michigan Transportation Fund bonds - payable in annual installments of \$40,000 to \$80,000, plus interest at 4% to 5.30%; final payment due April 2016		695,000

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG -TERM OBLIGATIONS (Continued):

Governmental activities (Continued):

\$377,553 1998 installment purchase agreement - payable in annual interest installments of \$7,656 at 4.5%; final balloon payment due May 2013 \$ 135,129

\$1,237,017 Michigan Strategic Fund loan - payable in quarterly installments of \$26,120, including interest at 4%; final payment due June 2014 943,329

\$545,408 2001 installment purchase agreement - payable in annual installments of \$69,268, including interest at 4.60%; final payment due December 2011 454,534

Business-type activities:

\$325,000 1973 water improvement revenue bonds - payable in annual installments of \$12,000, plus interest at 5%; final payment due January 2011 \$ 84,000

\$995,000 1993 unlimited tax general obligation bonds - payable in annual installments ranging from \$80,000 to \$120,000, plus interest at 2.75% to 5.25%; final payment due September 2007 420,000

\$1,550,000 1998 sewer contract - payable in annual installments ranging from \$25,000 to \$125,000, plus interest at 3.9% to 6.9%; final payment due October 2020 1,450,000

\$1,575,000 1999 sewer contract - payable in annual installments ranging from \$25,000 to \$125,000, plus interest at 4.9% to 5.625%; final payment due October 2020 1,475,000

\$412,983 Michigan Strategic Fund loan - payable in quarterly installments of \$8,706, including interest at 4%; final payment due June 2014 315,087

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG-TERM OBLIGATIONS (Continued):

Long-term obligations activity for the year ended June 30, 2004, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
<i>Governmental activities:</i>					
Compensated absences	\$ 44,474	\$54,253	\$ (59,702)	\$ 39,025	\$ -
1998 installment purchase	170,129	-	(35,000)	135,129	-
1998 MSF loan	953,462	-	(10,133)	943,329	57,883
2001 MTF bonds	735,000	-	(40,000)	695,000	40,000
2001 installment purchase	500,392	-	(45,858)	454,534	48,336
2001 loan payable	<u>66,811</u>	<u>-</u>	<u>(2,908)</u>	<u>63,903</u>	<u>5,992</u>
Governmental activities long-term liabilities	<u>\$2,470,268</u>	<u>\$54,253</u>	<u>\$ (193,601)</u>	<u>\$2,330,920</u>	<u>\$152,211</u>
<i>Business-type activities:</i>					
1973 revenue bonds	\$ 96,000	\$ -	\$ (12,000)	\$ 84,000	\$ 12,000
1993 G.O. bonds	520,000	-	(100,000)	420,000	100,000
1998 land contract	9,510	-	(9,510)	-	-
1998 MSF loan	318,464	-	(3,377)	315,087	19,334
1998 contract payable	1,475,000	-	(25,000)	1,450,000	50,000
1999 contract payable	<u>1,500,000</u>	<u>-</u>	<u>(25,000)</u>	<u>1,475,000</u>	<u>50,000</u>
Business-type activities long-term liabilities	<u>\$3,918,974</u>	<u>\$ -</u>	<u>\$ (174,887)</u>	<u>\$3,744,087</u>	<u>\$231,334</u>
Component unit	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Debt service requirements at June 30, 2004, excluding compensated absences, were as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ended June 30:				
2005	\$ 152,211	\$ 06,597	\$ 231,334	\$ 171,253
2006	171,857	90,291	235,397	157,846
2007	177,295	82,963	236,347	146,083
2008	187,966	75,357	282,336	133,868
2009	193,882	67,240	188,365	123,002
2010 - 2014	<u>1,408,684</u>	<u>216,961</u>	<u>2,570,308</u>	<u>751,108</u>
Totals	<u>\$2,291,895</u>	<u>\$ 639,409</u>	<u>\$3,744,087</u>	<u>\$1,483,160</u>

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG -TERM OBLIGATIONS (Continued):

Conduit Debt Obligation:

The City, through the Downtown Development Authority (the Authority), has issued tax incremental revenue bonds to provide financial assistance to a private-sector entity for the construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely by the private-sector entity. Neither the City, the State of Michigan, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the outstanding balance on these bonds is \$390,000, with final payment due in April 2014.

Associated with this conduit debt is a commitment by the Authority to pay the private-sector entity 60% of the tax incremental revenue generated from this area for a period of fifteen years ending in fiscal year 2014.

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Following is a summary of interfund balances as reported in the fund financial statements:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
Community Building and Park Improvement	<u>\$244,620</u>	General	\$ 54,686
		Local Street	3,735
		Sewer	74,646
		Water	88,946
		Internal Service	<u>22,607</u>
			<u>\$244,620</u>

The amounts due to the Community Building and Park Improvement Fund represent short-term borrowing through the pooled checking account.

A summary of interfund transfers for the year ended June 30, 2004, is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Local Street	<u>\$219,936</u>	General	\$ 63,077
		Other governmental funds	<u>156,859</u>
			<u>\$219,936</u>

In 2004, transfers were used to move available unrestricted funds from the General Fund and two nonmajor governmental funds to finance local street costs.

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - RISK MANAGEMENT:

The City is exposed to various risks of loss to general liability, property and casualty, workers' compensation, and employee health and medical claims. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, employee medical, and casualty are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 9 - DEFINED BENEFIT PENSION PLAN:

Plan description:

The City's defined benefit pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City's defined benefit pension plan is affiliated with the Municipal Employees' Retirement System of Michigan (MERS), an agent, multiple-employer, public employee retirement system that acts as a common investment and administrative agent for municipalities in Michigan. Public Act 220 of 1996 of the State of Michigan assigns the authority to establish and amend the benefit provisions to the City. The MERS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 N. Canal, Lansing, Michigan 48917, or by calling 1-800-767-6377.

Funding policy:

Contribution rates for each participating employer and its covered employees are established and may be amended by each participating unit. The contribution rates are determined based on the benefit structure established by each employer. Covered employees are not required to contribute to the plan. Participating employers are required to contribute amounts necessary to finance the coverage of their employees through periodic contributions at actuarially-determined rates. Administrative costs of the plan are financed through investment earnings.

For the year ended June 30, 2004, the City's annual pension cost of \$153,720 for its defined benefit pension plan was equal to the required and actual contributions. The required contribution was determined as part of the December 31, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included a) 8% investment rate of return, net of administrative expenses, b) projected salary increases of 4.5% per year, and c) no cost of living adjustments. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized over a closed period of 30 years as a level percentage of payroll.

City of Wayland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued):

Three-year trend information is as follows:

<u>Fiscal year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
06/30/02	\$125,928	100%	\$ -
06/30/03	145,397	100%	-
06/30/04	153,720	100%	-

NOTE 10 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended June 30, 2004, follows:

Revenues	\$ 20,748
Expenses	<u>(19,628)</u>
Deficiency of revenues over expenses	\$ <u>(1,120)</u>

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective July 1, 2003, the City implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change in the governmental funds:

Net assets, as previously reported (general and special revenue funds)	\$ 747,800
Capitalization of capital assets, net of accumulated depreciation, not previously reported	9,658,646
Net assets of the internal service funds are included in governmental activities in the statement of net assets	758,691
Accrual of compensated absences	(44,474)
Accrual of interest related to long-term obligations	(30,700)
Bonds and loans payable that were previously reported in the general long-term debt account group	<u>(1,925,403)</u>
Net assets, as restated	<u>\$9,164,560</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Wayland**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 1,136,000	\$ 1,136,000	\$ 1,170,133	\$ 34,133
Federal grants	-	94,000	93,330	(670)
State grants	425,000	425,000	408,352	(16,648)
Fines and forfeitures	10,000	10,000	27,879	17,879
Licenses and permits	31,600	31,600	22,692	(8,908)
Intergovernmental	100,000	100,000	103,449	3,449
Charges for services	30,500	30,500	33,661	3,161
Interest and rentals	53,100	53,100	28,379	(24,721)
Other	185,000	185,000	29,399	(155,601)
<i>Total revenues</i>	<u>1,971,200</u>	<u>2,065,200</u>	<u>1,917,274</u>	<u>(147,926)</u>
EXPENDITURES				
Legislative - City Council	<u>14,000</u>	<u>14,000</u>	<u>15,805</u>	<u>(1,805)</u>
General government:				
Administration	330,500	330,500	406,145	(75,645)
Elections	10,475	10,475	13,715	(3,240)
Building maintenance	33,000	33,000	16,387	16,613
Assessor	31,975	31,975	32,974	(999)
<i>Total general government</i>	<u>405,950</u>	<u>405,950</u>	<u>469,221</u>	<u>(63,271)</u>
Public safety:				
Police department	531,500	531,500	507,018	24,482
Fire department	236,150	236,150	183,449	52,701
Inspections department	20,000	20,000	-	20,000
<i>Total public safety</i>	<u>787,650</u>	<u>787,650</u>	<u>690,467</u>	<u>97,183</u>
Public works:				
Department of public works	<u>423,600</u>	<u>423,600</u>	<u>313,608</u>	<u>109,992</u>
Community and economic development:				
Planning commission	15,000	15,000	48,139	(33,139)
Economic development	50,000	50,000	13,419	36,581
Community promotion	26,500	26,500	15,771	10,729
<i>Total community and economic development</i>	<u>91,500</u>	<u>91,500</u>	<u>77,329</u>	<u>14,171</u>

City of Wayland

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Health and welfare:				
Ambulance service	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Debt service:				
Principal	92,000	92,000	48,042	43,958
Interest	78,000	78,000	74,332	3,668
Capital outlay	58,500	152,500	113,957	38,543
<i>Total expenditures</i>	<u>1,956,200</u>	<u>2,050,200</u>	<u>1,802,761</u>	<u>247,439</u>
EXCESS OF REVENUES OVER EXPENDITURES	15,000	15,000	114,513	99,513
OTHER FINANCING USES				
Transfer out	-	-	(63,077)	(63,077)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	15,000	15,000	51,436	36,436
FUND BALANCES - BEGINNING OF YEAR	5,307	5,307	5,307	-
FUND BALANCES - END OF YEAR	<u>\$ 20,307</u>	<u>\$ 20,307</u>	<u>\$ 56,743</u>	<u>\$ 36,436</u>

City of Wayland

BUDGETARY COMPARISON SCHEDULE - Local Street Fund

Year ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Federal grants	\$ -	\$ 144,000	\$ 143,845	\$ (155)
State grants	<u>65,740</u>	<u>65,740</u>	<u>65,401</u>	<u>(339)</u>
<i>Total revenues</i>	<u>65,740</u>	<u>209,740</u>	<u>209,246</u>	<u>(494)</u>
EXPENDITURES				
Public works:				
Construction	80,000	224,000	411,718	(187,718)
Routine maintenance	17,350	17,350	5,772	11,578
Traffic service	21,250	21,250	8,363	12,887
Administration	<u>7,540</u>	<u>7,540</u>	<u>6,196</u>	<u>1,344</u>
<i>Total public works</i>	<u>126,140</u>	<u>270,140</u>	<u>432,049</u>	<u>(161,909)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(60,400)</u>	<u>(60,400)</u>	<u>(222,803)</u>	<u>(162,403)</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	-	-	63,077	63,077
Major Street Fund	20,000	20,000	86,000	66,000
Special Road Fund	<u>40,000</u>	<u>40,000</u>	<u>70,859</u>	<u>30,859</u>
<i>Total other financing sources</i>	<u>60,000</u>	<u>60,000</u>	<u>219,936</u>	<u>159,936</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(400)</u>	<u>(400)</u>	<u>(2,867)</u>	<u>(2,467)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>3,688</u>	<u>3,688</u>	<u>3,688</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,288</u>	<u>\$ 3,288</u>	<u>\$ 821</u>	<u>\$ (2,467)</u>

City of Wayland**BUDGETARY COMPARISON SCHEDULE - Community Building and Park Improvement Fund**

Year ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES				
Culture and recreation	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 4,075</u>	<u>\$ 10,925</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(15,000)	(15,000)	(4,075)	10,925
FUND BALANCES - BEGINNING OF YEAR	<u>585,617</u>	<u>585,617</u>	<u>585,617</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 570,617</u>	<u>\$ 570,617</u>	<u>\$ 581,542</u>	<u>\$ 10,925</u>

City of Wayland
SCHEDULE OF FUNDING PROGRESS
Employee Retirement System
(Municipal Employees' Retirement System of Michigan)

<i>Actuarial valuation date <u>December 31</u></i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial accrued liability (AAL) entry age (b)</i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
1993	\$ 905,755	\$ 921,873	\$ 16,118	98%	\$401,550	4%
1994	937,595	1,097,100	159,505	85%	412,101	39%
1995	977,214	1,284,208	306,994	76%	468,981	65%
1996	1,034,617	1,351,343	316,726	77%	533,141	59%
1997	1,116,298	1,824,355	708,057	61%	609,797	116%
1998	1,143,518	1,988,122	844,604	58%	655,706	129%
1999	1,349,027	1,981,506	632,479	68%	674,859	94%
2000	1,543,950	2,261,206	717,256	68%	697,958	103%
2001	1,737,177	2,506,944	769,767	69%	739,370	104%
2002	1,900,050	2,768,933	868,883	69%	859,915	101%
2003	2,166,052	2,955,360	789,308	73%	824,641	96%

SUPPLEMENTARY INFORMATION

City of Wayland
COMBINING BALANCE SHEET - nonmajor governmental funds
June 30, 2004

	<u>Special Revenue</u>				<u>Total nonmajor governmental funds</u>
	<u>Major Street</u>	<u>Special Road</u>	<u>Justice Training</u>	<u>Wayland Housing Improvement</u>	
ASSETS:					
Cash	\$ 34,009	\$ -	\$ 2,210	\$ 28,001	\$ 64,220
Receivables	-	-	-	59,750	59,750
Due from other governmental units	16,999	-	-	-	16,999
<i>Total assets</i>	<u>\$ 51,008</u>	<u>\$ -</u>	<u>\$ 2,210</u>	<u>\$ 87,751</u>	<u>\$ 140,969</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 795	\$ -	\$ -	\$ -	\$ 795
Fund balances:					
Reserved for long-term receivables				59,750	59,750
Unreserved, undesignated	50,213	-	2,210	28,001	80,424
<i>Total fund balances</i>	<u>50,213</u>	<u>-</u>	<u>2,210</u>	<u>87,751</u>	<u>140,174</u>
<i>Total liabilities and fund balances</i>	<u>\$ 51,008</u>	<u>\$ -</u>	<u>\$ 2,210</u>	<u>\$ 87,751</u>	<u>\$ 140,969</u>

City of Wayland

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended June 30, 2004

	<u>Special Revenue</u>				<u>Total nonmajor governmental funds</u>
	<u>Major Street</u>	<u>Special Road</u>	<u>Justice Training</u>	<u>Wayland Housing Improvement</u>	
REVENUES					
State grants	\$ 207,199	\$ -	\$ -	\$ -	\$ 207,199
Intergovernmental	-	65,967	-	-	65,967
Charges for service	-	11,721	-	-	11,721
Interest	1,600	-	-	2,302	3,902
Other	-	-	-	66	66
<i>Total revenues</i>	<u>208,799</u>	<u>77,688</u>	<u>-</u>	<u>2,368</u>	<u>288,855</u>
EXPENDITURES					
Public works	61,366	6,829	-	1,745	69,940
Debt service:					
Principal	40,000	-	-	-	40,000
Interest	35,070	-	-	-	35,070
	<u>136,436</u>	<u>6,829</u>	<u>-</u>	<u>1,745</u>	<u>145,010</u>
EXCESS OF REVENUES OVER EXPENDITURES	72,363	70,859	-	623	143,845
OTHER FINANCING USES					
Transfers out	<u>(86,000)</u>	<u>(70,859)</u>	<u>-</u>	<u>-</u>	<u>(156,859)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(13,637)	-	-	623	(13,014)
FUND BALANCE - BEGINNING OF YEAR	<u>63,850</u>	<u>-</u>	<u>2,210</u>	<u>87,128</u>	<u>153,188</u>
FUND BALANCE - END OF YEAR	<u>\$ 50,213</u>	<u>\$ -</u>	<u>\$ 2,210</u>	<u>\$ 87,751</u>	<u>\$ 140,174</u>